

OPPORTUNITY SITE TAX BASE IMPACTS

Why Care About Tax Capacity?

In Minnesota, cities depend on their local property tax base for a major part of their revenues. The overall value of taxable land and improvements is known as a city's Tax Capacity. Brooklyn Center's property tax capacity is an indicator of how much funding will be available each year for City services, such as parks, public safety, and infrastructure maintenance. The greater a city's overall tax capacity per resident, the more resources are available to conduct City business, and the less burden residents and business have in terms of local taxes. A lower tax capacity can also become an equity concern as residents must pay more in tax for the same level of service compared with communities that have a higher tax capacity.

↑ Tax Capacity = ↑ City Resources = ↓ Tax Burden Per Resident
= More Equitable Tax Burden

Brooklyn Center's Current Tax Capacity

Brooklyn Center has among the lowest per capita tax capacity within the Twin Cities metro region. This places a higher per capita tax burden on city residents compared to peer communities, including wealthier areas with a higher ability to pay. This is partially the result of past decline in the city's commercial core that has shifted the tax burden to the city's modestly valued housing stock. **Increasing tax base through redevelopment can relieve this pressure on local taxpayers and promote regional equity** (more on back page).

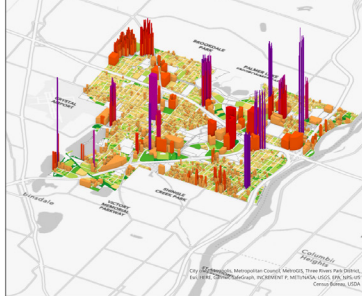
Implications for the Opportunity Site and Overall Development

Anticipated build-out of the Opportunity Site will have a direct and significant impact on the City's tax capacity. Because much of the Opportunity Site is not bringing in much tax revenue currently, the possible amount of future TIF funds to be used for area improvements is very high. The City currently gets around \$148,707 per year of tax revenue from the Opportunity Site. Once buildout occurs, it is estimated that development on the Opportunity Site could increase the City's tax revenue from the area to around \$3.1 million dollars each year. This does not account for any additional development that may occur adjacent to, or because of, the Opportunity Site. Such a large capacity increase will have strong implications for Brooklyn Center's ability to provide city services and reduce the tax burden on city residents

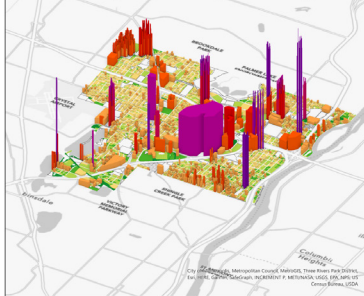
Building the Opportunity Site will raise the city's tax revenue by over \$3.1 million per year, compared to the \$148,707 collected at the site each year today. This will increase the city's overall tax capacity, and offset the amount the amount paid by residents.



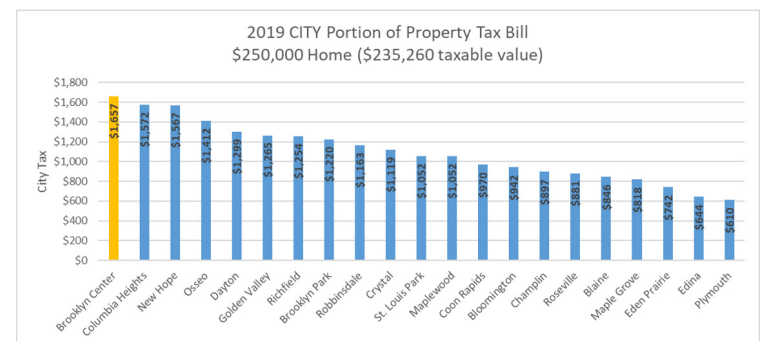
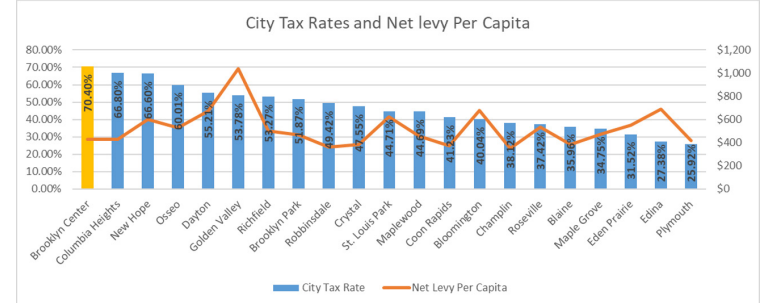
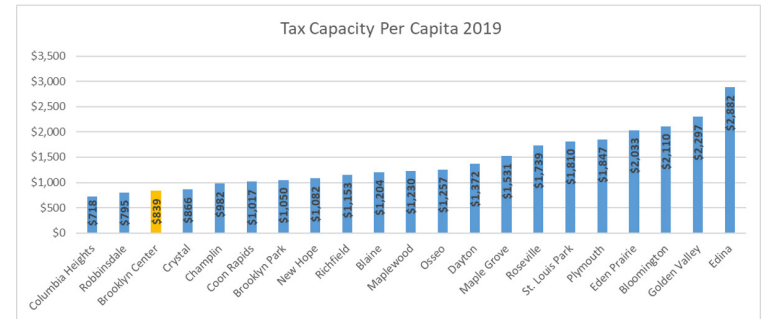
Before the Opportunity Site



After the Opportunity Site



Assessed Total Market Value of Parcels and Improvements per Acre



Sources: league of Minnesota Cities Property Tax Report, 2019; 'U.S. Census Bureau, Population Division: Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2018
Charts courtesy of Ehlers Public Finance Advisors

